

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Nemaha Post Office
Nemaha, NE 68414
(Rich Huey, Petitioner)

Docket No. A2012-55

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL
(December 29, 2011)

On November 4, 2011, the Postal Regulatory Commission (the “Commission”) received an appeal postmarked October 25, 2011, from postal customer Mr. Rich Huey (“Petitioner”) objecting to the discontinuance of the Post Office at Nemaha, Nebraska (the “Nemaha Post Office”).¹ By means of Order No. 989, dated November 2, 2011, the Commission docketed the letter, assigning PRC Docket No. A2012-55 as an appeal pursuant to 39 U.S.C. § 404(d). On October 21, 2011, an incomplete administrative record was filed with the Commission.² On November 23, 2011, the complete administrative record was filed with the Commission. Petitioner filed a Participant Statement in support of the petition on December 16, 2011.

The letter of appeal and Participant Statement raise three issues: (1) the impact on the provision of postal services, (2) the impact upon the Nemaha community, and (3) the calculation of economic savings expected to result from discontinuing the Nemaha Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave each of the three issues serious consideration. In addition, consistent with the Postal Service’s statutory

¹ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

² United States Postal Service Notice of Filing, PRC Docket No. A2012-55 (November 21, 2011).

obligations and Commission precedent,³ the Postal Service gave consideration to a number of other issues, including the impact upon postal employees.

Accordingly, the determination to discontinue the Nemaha Post Office should be affirmed.

Background

The Final Determination To Close the Nemaha, NE Post Office and Continue to Provide Service by Rural Route Service (“Final Determination” or “FD”),⁴ as well as the administrative record, indicate that the Nemaha Post Office provides EAS-55 level service to 81 Post Office Box or general delivery customers, no carrier delivery customers, and to retail customers from 7:45 a.m. to 12:00 noon, and 1:00 p.m. to 4:45 p.m. Monday through Friday, and from 7:45 a.m. to 9:15 a.m. on Saturdays.⁵ The Postmaster of the Post Office retired on April 1, 2008.⁶ The current officer-in-charge (“OIC”) is a non-career Postmaster Relief, (PMR), from another Post Office. The OIC may be separated from the Postal Service when the final determination is implemented.⁷ The average number of daily retail window transactions at the Post Office is 16, accounting for 16 minutes of retail workload daily.⁸ Revenue for the last three years has

³ See 39 U.S.C. 404(d)(2)(A).

⁴ The Final Determination can be found at Item 47 in the administrative record. All citations to the Final Determination will be to “FD at __,” rather than to Item 47. The FD page number refers to the pages as marked on the upper left of the document. Other items in the administrative record are referred to as “Item __.”

⁵ FD at 2; Item 41, Form 4920 at 1; Item 33, Proposal at 2.

⁶ *Id.*

⁷ FD at 5; Item 41, Form 4920 at 1; Item 33, Proposal at 5.

⁸ FD at 2; Item 33, Proposal at 2.

declined: \$13,626 in FY 2008; \$12,479 in FY 2009; and \$9,082 in FY 2010.⁹

There are no permit or postage meter customers.

Upon implementation of the Final Determination, delivery and retail services will be provided by rural route service to cluster box units (CBUs) administered by the Brownville Post Office, an EAS-11 level office, located 7 miles away, which has 143 unassigned Post Office Boxes.¹⁰ This service will continue upon implementation of the Final Determination.

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the Nemaha Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to all Post Office Box customers of the Post Office.¹¹ Questionnaires were also available over the counter for retail customers at the Nemaha Post Office.¹² A letter from Postal Operations Program Support, Little Rock, Arkansas, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Nemaha Post Office was warranted, and whether effective and regular service could be provided through rural route delivery with retail services available at the Brownville Post Office.¹³ The letter invited customers to complete and return a customer questionnaire and to express their

⁹ FD at 2; Item 18, Form 4920; Item 33, Proposal at 2.

¹⁰ FD at 2; Item 18, Form 4920; Item 33, Proposal at 2.

¹¹ Item 20, Questionnaire Instruction Letter.

¹² *Id.*

¹³ Item 21, Cover Letter for Questionnaire.

opinions about the service that they were receiving and the effects of a possible change involving rural route delivery. Forty-nine customers returned questionnaires, to which the Postal Service responded.¹⁴ In addition, representatives from the Postal Service were available at the Nemaha Community Building for a community meeting on April 20, 2011, to answer questions and provide information to customers.¹⁵ Seventy-five customers attended.¹⁶ Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Nemaha Post Office and the Brownville Post Office¹⁷ for 60 days beginning July 13, 2011, and ending September 13, 2011.¹⁸

No customers returned comments in response to the “Invitation for Comments” after the Proposal was posted.¹⁹ The Final Determination was posted at the Nemaha and Brownville Post Offices beginning on October 17, 2011 and ending November 18, 2011, as confirmed by the round-dated Final Determination cover sheets that appear in the administrative record as Item 47. In light of a Postmaster vacancy; minimal workload; declining revenue; the variety of delivery and retail options (including the convenience of rural delivery and retail service); no projected population, residential, commercial, or business growth in the area;

¹⁴ Item 21, Returned Questionnaires; Item 22 Postal Service Response Letters; Item 23, Analysis of Questionnaires.

¹⁵ Item 24, Community Meeting Roster; Item 26, Community Meeting Letter.

¹⁶ Item 24, Community Meeting Roster; Item 25, Community Meeting Analysis.

¹⁷ Brownville is listed as the Administrative and Nearest Office for Nemaha. Petitioner indicates that the Brownville Post Office is undergoing a discontinuance study. If the Nemaha Post Office is closed, that fact will need to be considered in the study of the Brownville Post Office.

¹⁸ Item 31, Instructions to Post Proposal; Item 32, Invitation for Comments.

¹⁹ Item 38, Memo to the Record.

minimal impact upon the community; and the expected financial savings, the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Nemaha community in a cost-effective manner upon implementation of the final determination.

Analysis

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Nemaha Post Office on postal services provided to Nemaha customers. The closing is premised upon providing regular and effective postal services to Nemaha customers.

Petitioner expressed concern regarding the availability of postal services without the Nemaha Post Office. This same concern, in addition to others, were also raised by other Nemaha customers in response to questionnaires, and at the community meeting.²⁰ These concerns were considered by the Postal Service alongside other issues pertaining to the impact of closing the Nemaha Post Office upon the provision of postal services to Nemaha customers.²¹

Petitioner and the community raised several concerns regarding security of mail deposited in CBUs, including that some mailboxes on the rural routes are not safe for mail delivery because of theft and leaving money in mailboxes for

²⁰ Item 22, Returned Questionnaires and Postal Service Response Letters; Item 25, Community Meeting Analysis.

²¹ FD at 2-6; Item 33, Proposal at 2-6.

services such as stamp purchases is not safe. The Postal Service explained, however, that customers may place a lock on their mailboxes as long as the mailbox has a slot large enough to accommodate the customer's normal daily volume of mail.²² If the customer chooses to lock the mailbox, the Postal Service will not accept a key for and will not open the customer's mailbox.²³ As part of the discontinuance process, a questionnaire was sent to the Postal Inspection Service concerning mail theft and vandalism in the Nemaha Post Office area.²⁴ Postal Inspection Service records indicate that there has not been any report of mail theft or vandalism mailboxes in the area.²⁵ Nevertheless, instead of placing money in their mailbox for stamps or special services, customers may use a check or place notes in their mailboxes instructing carriers to sound their horns when they arrive in order to facilitate financial transactions.²⁶ The Postal Service is vigilant about mail theft and vandalism, and will provide service to Nemaha Post Office customers that helps ensure mail security.

In addition, the loss of retail services and Post Office Boxes at Nemaha does not have a large impact on the quality of service provided by the Postal Service. As explained throughout the administrative record, rural route carriers can perform many functions (at the same time that the carrier delivers the mail) that will avert the need to go to any Post Office, Brownville or otherwise, for many transactions.²⁷

²² FD at 4, 5; Item 25, Community Meeting Analysis; Item 33, Proposal at 4, 5.

²³ FD at 5; Item 25, Community Meeting Analysis; Item 33, Proposal at 5.

²⁴ FD at 4; Item 14, Local Law Enforcement Vandalism Reports; Item 25, Community Meeting Analysis; Item 33, Proposal at 4.

²⁵ *Id.*

²⁶ *Id.*

²⁷ FD at 2-4 Item 33, Proposal at 2-4.

Carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes or cluster box units.²⁸ Customers do not have to make a special trip to the Post Office for service. Stamps by Mail and Money Order Application forms are available for customer convenience, and stamps are also available at many stores and gas stations, online at usps.com, or by calling 1-800-STAMP-24.²⁹ Customers can also request special services, such as Certified, Registered, or Express Mail, Delivery Confirmation, Signature Confirmation, and COD from the carrier.³⁰ Further, most transactions do not require meeting the carrier at the mailbox.³¹ Special provisions are made, on request, for hardship cases or special customer needs.³²

Upon the implementation of the Final Determination, delivery and retail services will be provided by rural route delivery emanating from the Brownville Post Office. In addition to rural route delivery, which is the recommended alternate service, customers may also receive postal services, including P.O. Box service, at the Brownville Post Office, which is located seven miles away. The window service hours of the Brownville Post Office are from 7:00 a.m. to 4:00 p.m., Monday through Friday and from 7:00 a.m. to 8:30 p.m. on Saturdays.³³

²⁸ FD at 3-4; Item 22, Postal Service Response Letters at 9; Item 23, Analysis of Questionnaires at 3; Item 33, Proposal at 3-4.

²⁹ FD at 3-4; Item 22, Postal Service Response Letters at 9, 14; Item 23, Analysis of Questionnaires at 3; Item 33, Proposal at 3-4.

³⁰ FD at 3-4; Item 22, Postal Service Response Letters at 14; Item 23, Analysis of Questionnaires, at 3-4; Item 33, Proposal at 3-4.

³¹ FD at 2-3; Item 22, Postal Service Response Letters at 9,14; Item 23, Analysis of Questionnaires, at 3-4; Item 33, Proposal at 2-3.

³² *Id.*

³³ FD at 2; Item 41, Form 4920; Item 33, Proposal at 2.

Thus, the Postal Service has properly concluded that all Nemaha customers will continue to receive regular and effective service via rural route service.

Effect on Community

The Postal Service is obligated to consider the effect of its decision to close the Nemaha Post Office upon the Nemaha community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

Nemaha is an incorporated rural community located in Nemaha County. The community is administered politically by the Nemaha Mayor and City Council. Police protection is provided by the Nemaha County Sheriff. Fire protection is provided by the Nemaha Volunteer Fire Department.³⁴ The questionnaires completed by Nemaha customers indicate that, the community is comprised of farmers, and those who commute to work in nearby communities and work in local businesses.³⁵ The town has eleven businesses, two churches and five farms.³⁶

During the discontinuance process, customers raised concerns that the discontinuance of the Nemaha Post Office will result in a loss of identity for the community. The Postal Service is cognizant of the importance of the Nemaha

³⁴ FD at 6; Item 16, Community Survey Fact Sheet; Item 33, Proposal at 6.

³⁵ See *generally* FD at 6; Item 22, Returned Questionnaires and Postal Service Response Letters; Item 33, Proposal at 6.

³⁶ FD at 6; Item 41, Form 4920; Item 33, Proposal at 6.

Post Office to members of the community and extensively considered those issues, as reflected in the administrative record.³⁷

In response to the concern over community identity, the Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. Further, Nemaha customers would be able to retain the Nemaha name and ZIP Code in addresses.³⁸ Customers who erect a rural mailbox along the carrier's line of travel will be assigned a 911 address. But the community name of Nemaha and the current zip code of 68414 will remain the same.³⁹

The Petitioner's letter of appeal raises the issue of the effect of the closing of the Nemaha community, including that of the business community. This issue was extensively considered by the Postal Service, as reflected in the administrative record. FD, at 6-7; Item 23, Postal Service Questionnaire Analysis; Item No. 33, Proposal, at 6-7. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. FD, at 6-7; Item 22, Postal Response to Returned Questionnaires, at 8, 41, 42; Item No. 33, Proposal, at 6-7. The Postal Service is helping to preserve the community name by continuing the use of the community name and zip code in addresses. FD, at 6-7; Item 23, Postal Service Questionnaire Analysis, at 4; Item No. 33, Proposal, at 6-7. Communities generally require regular and effective postal services and these will continue to

³⁷ FD, at 3, 6; Item 22, Postal Service Response Letters at 8; Item 23, Analysis of Questionnaires at 4; Item 33, Proposal at 3, 6.

³⁸ *Id.*

³⁹ *Id.*

be provided to the Nemaha community. Carrier service is expected to be able to handle any future growth in the community. FD, at 7, Item No. 33, Proposal, at 7.

Further, the questionnaires completed by Nemaha customers indicate that, in general, those reside in Nemaha must travel elsewhere for other supplies and services. See *generally* FD at 5; Item No. 21, Returned customer questionnaires.⁴⁰

In addition, the Postal Service has concluded that nonpostal services provided by the Nemaha Post Office can be provided by the Brownville Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 6; Item 33, Proposal, at 6.

Finally, Petitioner states that the discontinuance action will have a negative effect on businesses in the community. The record shows, however, that the majority of the residents responding to the questionnaires would still patronize local businesses in the event the Nemaha Post Office was closed.⁴¹

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Nemaha Post Office on the community served by the Nemaha Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service estimates that rural route service would cost the Postal

⁴⁰ Forty-five of the forty-nine customers who responded to the questionnaire indicated that they leave the community for one or more services.

⁴¹ In Item 21 Returned Customer Questionnaires, 34 of the 49 customers responded that they currently patronize local businesses and that they would continue to do so if the Post Office were discontinued.

Service substantially less than maintaining the Nemaha Post Office and would still provide regular and effective service.⁴² The estimated annual savings associated with discontinuing the Nemaha Post Office are \$25,975.⁴³ This figure does not include a one time cost of \$3500 to provide and install CBU/parcel lockers.⁴⁴ Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv).⁴⁵ Petitioner suggests that the Postal Service could save money by adopting alternative cost-cutting strategies and increase revenue by raising stamp prices. However, the Postal Service is only responsible for formulating a specific proposal and evaluating it in the context of Title 39, U.S. Code, and applicable regulations. In this case, the Postal Service has determined that carrier service, coupled with service at the Brownville Post Office, is a reasonable solution that will yield economic savings. In so doing, the Postal Service is not required to evaluate and reject alternative proposals. In this case, the Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

Petitioner questions the savings calculation on grounds that the rural carrier earns more than the noncareer OIC. The fact that the rural carrier might be paid a different wage rate does not affect the savings calculation significantly,

⁴² FD at 7; Item 21, Cover Letter for Questionnaire; Item 33, Proposal at 8.

⁴³ FD at 7; Item 15 Post Office Survey Sheet, at 2; Item 29, Proposal Checklist at 2; Item 33, Proposal at 8.

⁴⁴ FD at 7; Item 29, Proposal Checklist at 2; Item 33, Proposal at 8.

⁴⁵ FD at 7; Item 15 Post Office Survey Sheet, at 2; Item 9, Worksheet For Service Credit; Item 17, Rural Route Cost Analysis Form, at 2; Item 29, Proposal Checklist at 2; Item 33, Proposal at 8.

because the rural carrier performs a delivery function throughout the delivery area, and does not incur idle time serving the retail window in the Post Office. Moreover, to the extent Petitioner challenges the use of a career postmaster's salary in the savings calculation, the Postal Service notes that the economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid less in salary and benefits over the past years to an OIC does not mean that it could count on those savings annually in the future. If the Nemaha Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster.

The Postal Service determined that rural route service is more cost-effective than maintaining the Nemaha postal facility and postmaster position.⁴⁶ The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent.⁴⁷

Effect on Postal Employees

As documented in the record, the impact on postal employees is minimal. The Postmaster retired on April 1, 2008.⁴⁸ The statute applies to career employees, none of whom will be affected. A non-career PMR has been installed as the OIC. The OIC may be separated from the Postal Service,

⁴⁶ FD at 7; Item 33, Proposal at 8.

⁴⁷ See 39 U.S.C. § 404(d)(2)(A)(iv).

⁴⁸ FD at 2; Item 1, Authority to Conduct Investigation; Item 33, Proposal at 2.

although attempts are generally made to reassign the employee to an authorized position at a nearby facility.⁴⁹ The record shows that no other employee would be affected by this closing.⁵⁰ Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Nemaha Post Office, consistent with its statutory obligations.

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Nemaha Post Office on the provision of postal services and on the Nemaha community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Nemaha customers.⁵¹ The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A).

Accordingly, the Postal Service respectfully requests that the determination to close the Nemaha Post Office be affirmed.

⁴⁹ FD at 7; Item 15, Post Office Survey Sheet at 1; Item 33, Proposal at 8.

⁵⁰ *Id.*

⁵¹ FD at 6.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno

Chief Counsel

Global Business & Service Development

A handwritten signature in blue ink, appearing to read "Margaret E. Harper". The signature is stylized with a long horizontal stroke and a small loop at the end.

Margaret E. Harper
Attorney

Facilities & Environmental Law Unit
8 Griffin Road North
Windsor CT 06006-0170
860-285-7094; Fax – 7397
margaret.e.harper@usps.gov
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